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DEPARTMENT OF STATE

Approved in B
6/21/61

Memorandum of Conversation

DATE: March 1, 1961

SUBJECT: Volta River Project

PARTICIPANTS:
The Honorable Komla Agbeli Gbedemah, Finance Minister of Ghana
His Excellency W.M.Q. Halm, Ambassador of Ghana
H. F. Winful, Secretary, Volta River Authority
W. A. Wiafe, Ministerial Secretary, Volta River Project
George W. Ball, Under Secretary of State for Economic Affairs
George Springsteen, Assistant to Mr. Ball
Peyton Kerr, Deputy Assistant Secretary for Economic Affairs
Henry J. Tasca, Deputy Assistant Secretary, African Affairs

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Mr. Ball welcomed the Minister's visit and reviewed the current status of Volta developments. Arrangements for the Akosombo dam are well on their way to completion. With regard to the smelter, a U.S. negotiating team is working with the aluminum companies on the guaranty problem.

The Minister wanted to discuss all aspects of the Volta complex. He was happy that there had been no change in U.S. policy since last year's discussions, although there had been a change in administration. The Minister wished to be sure that all necessary financing would be arranged in time for the contracts to be awarded in April. He would be seeing Mr. Black about negotiations for the Volta loan.

The Minister was especially anxious to discuss the problem of financing the extension of the power grid. The Government of Ghana attaches great importance to completion of the grid. It will make the Volta project mean more to more people. The project's impact should be felt not only in Accra but in other population centers, especially the Ashanti region. Otherwise the Government will be criticized. Much had been said and written about the electrification of the towns, and now the Government doesn't want to say it can't do it in the face of facts about huge power output from Volta. He added that it would take about three years to construct the 500 mile line, as there was much clearing of bush, dense forests, etc. to be done. This work should proceed so that when power becomes available from Volta it can

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be distributed right away. In reply to Mr. Ball's query, the Minister said that Mr. Black wants to help on this, but he thinks Ghana should delay. The Minister had not discussed financing proposals in detail with the lending agencies, but he would hope for one-half grant and one-half loan financing. If the grant portion is unobtainable , Ghana would have to make up the difference out of her own resources.

Mr. Ball said he would be discussing the grid problem with Mr. Black later today. He asked about commitments to purchase power and about the concern of the mining companies regarding the danger of mine flooding. The Minister replied that the mining companies are firmly committed to buy power from the Volta authority and the power would be cheaper than existing sources. The reliability of the power supply will be as good or better than present sources. Kaiser engineers can confirm these points.

Mr. Ball said he would see how far the U.S. can go in suggesting a solution to the grid financing problem. Minister Gbedemah promised that he would make a specific proposal to Mr. Black.

Mr. Ball wanted to know the status of the Bui dam project. The Minister said Ghana had received offers from the USSR to check the preparatory commission report on Bui's potential and to design a power scheme. No firm commitment had been made as to when the project would be started. The consultants (Kaiser) have said Bui would alter the water level at Akosombo, but a lower intake could be used there. In any case, the central authority would decide on the water flow. He estimated it would require from 18 months to two years to finish the study and design for the Bui project. The Russians have already begun the study. The market for Bui power is not too distant - Kumasi is only 140 miles from Bui.

Concerning Valco, the Minister said he was anxious to see the negotiations completed. He stressed that only six weeks remain before mid-April, and the contractors will need six months to mobilize. A delay of two - three months will mean a real delay of one year.

Mr. Ball reiterated our serious concern to see the projects worked out and we are very sympathetic on the grid problem. He said he would see Mr. Black urgently and we will go ahead as fast as we can. Mr. Ball promised to keep matters moving.

The Minister said he would be in Washington for two more days and that he would have an opportunity to call on the Secretary before departing.

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